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## CURRENT SUPPORT MEMORANDUM

SPANISH-SOVIET TRADE MAY BE RESUMED

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SPANISH-SOVIET TRADE MAY BE RESUMED

Spanish-Soviet economic relations, curtailed since Franco's civil war victory, may soon be resumed. Persistent rumors from Madrid of an imminent Spanish-Soviet trade agreement, have heightened speculation that a resumption of full-scale commercial relations between the two countries may not be far away. 1/ A State Department despatch of 13 December 1955, quoting a usually reliable source, reported that "Spain has definitely concluded a commercial deal with the Soviet Union for the export of oranges. The Russians reportedly will pay in machinery." 2/

Although General Franco has, as recently as 30 November 1955, categorically denied that Madrid had any "direct relations" with the USSR, he did admit that Spain had from time to time received Russian goods in trade from third countries and that some Spanish products might be reaching the Soviet Union through similar indirect channels. 3/

Indicative of the tenuousness of these rumors--and perhaps of the wishful thinking of individual Spanish business interests--are the many conflicting reports of the commodity composition of any projected trade agreement with the USSR. Reports have indicated that the USSR is prepared to offer wheat at prices considerably below those prevailing in the world market in return for Spanish pyrites and mercury. 4/ The USSR is also reported to be willing to offer pig iron and machinery in return for Spanish citrus products and rice. 5/

There appears substantial unanimity, however, in the belief that any resumption of normal commercial relations between the two countries would inevitably be tied to political considerations on both sides. Madrid undoubtedly will press her demand for return of all or a portion of the Spanish gold allegedly deposited in the USSR in 1936 and for some settlement of the Spanish POW issue. It remains to be seen whether the Spanish price for a resumption of commercial relations and the Soviet desire to enhance their subversive activities in Spain and to counteracting increasing U.S. influence will be deemed a quid pro quo by Moscow.

Analyst:

Coord:

1. State, Madrid. Dsp 226, 2 Dec 55, C  
State, Madrid. Dsp 576, 13 Dec 55, C
2. State, Madrid. Dsp 576, 13 Dec 55, C
3. State, Madrid. Dsp 226, 2 Dec 55, C
- 4.
5. AIIR, IR-2173-55, 11 Aug 55, C

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